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OF THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
BEFORE THE
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION
UNITED STATES SENATE
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THE AMATEUR SPORTS INTEGRITY ACT, S. 718

Chairman McCain, Senator Hollings and other distinguished members of the Committee, on behalf of the National Collegiate Athletic Association, thank you for inviting me to testify today to provide the Association's perspectives on collegiate sports wagering and to express our strong support for S. 718. This is a matter of great importance to the more than 1,000 colleges and universities that are members of the NCAA and to hundreds of thousands of student-athletes who participate in intercollegiate athletics annually. As an individual on the NCAA staff who has spent nearly five years working daily on this issue, it is a matter of personal and professional importance, as well.

Our message to you today is simple: we are asking you to do what is right for the college game and what is right for the young people who have earned the privilege of participating in those games. We are asking you to take steps to eliminate legal wagering on college competitions in the state of Nevada.

When you cut through the rhetoric, the posturing, the accusations and everything else this discussion has become over the past two years, the reason the NCAA is so vigorously supporting this legislation is this: it's right for the college game and it's right for our student-athletes.

I am not here to promise or even suggest that banning legal wagering on college sports is the total answer to such an insidious problem as gambling on college sports. The NCAA has never said that. But it is part of the equation and as much as some others would not like to do so, it is the part we are here to address. In recent months, discussion of the proposed ban has escalated. With that has emerged a mountain of material and accusations, the "real truth" about this and that, protestations about what this group has done, or what that group hasn't. This is for sure. That mountain has caused everyone to lose focus on how very simple this issue is. It's about what's right for student-athletes. It's about what is right for college games.

NCAA Sports Wagering Policies, Rules and Activities.

Over a number of years, the member schools of the NCAA have adopted a relatively simple approach to rules governing sports wagering as they affect student-athletes and institutional representatives as well as conferences and the national office. The NCAA's position on sports gambling is this:

The NCAA opposes all forms of legal and illegal sports wagering. Sports wagering has the potential to undermine the integrity of sports contests and jeopardizes the welfare of student-athletes and the intercollegiate athletics community. Sports wagering demeans the competition and competitors alike by a message that is contrary to the purposes and meaning of sport. Sports competition should be appreciated for the inherent benefits related to participation of student-athletes, coaches and institutions in fair contests, not the amount of money wagered on the outcome of the competition.

For these reasons, the NCAA membership has adopted specific rules prohibiting athletics department staff members and student-athletes from engaging in gambling activities as they relate to intercollegiate or professional sporting events.

It is not permissible to provide information to individuals who are involved in organized gambling activities, not permissible to solicit a bet on any intercollegiate team or to accept a bet on any team representing the school, not allowable to solicit or accept a bet on an intercollegiate competition for any item that has tangible value and not permissible to participate in any sort of gambling activity that involves intercollegiate athletics or professional athletics through any method employed by organized gambling.

We demand these things of our young people and our staff members at all levels.

In addition, in 2000, we imposed stricter sanctions on those who violate our rules. Student-athletes who participate in point-shaving activities or who solicit or accept bets utilizing organized gambling methods that involve wagering on their own institution lose all of their remaining eligibility. Those who are found to have bet or accepted bets generally on intercollegiate or professional athletics by utilizing organized gambling methods are ineligible for intercollegiate competition for a minimum of one year and lose one season of competition.

We have established other Association policies for activities associated with gambling. The NCAA Division I Men's Basketball Championship may not be conducted in areas where gambling activities based on the outcome of games is permitted. So, for example, there are no men's basketball championship sites in the state of Oregon, where the lottery is based on the outcome of National Football League contests. The NCAA does not permit its committees to meet or conduct formal social activities in casinos. We have also requested the companies that are our corporate partners not to engage in promotions connected to the outcome of games. For the second straight year, we have conducted background checks on game officials recommended to serve in our marquee events, the Division I Men's and Women's Basketball Championships, to assure they've had no involvement in sports wagering. We do the same for our men's basketball staff members and the members of the Division I Men's Basketball Committee.

We have committed to conducting formal research about student-athletes and gambling. We will initiate this project in the fall to ascertain the amount of wagering that occurs and the impact of our educational initiatives on student-athletes. In addition, the NCAA is part of a task force directed by the National Association of Student Personnel Administrators that also is studying gambling on campuses.

The Association has developed relationships with and made presentations to various law enforcement groups, including the FBI and the United States Attorney General's Advisory Group, the American Council on Education's secretariat, campus security officers, coaches associations and student life personnel. This spring we are again reaching hundreds of our Association members through sessions about sports wagering at our annual compliance seminars at three locations around the country.

We utilize a multitude of tools to reach our student-athletes and coaches with our messages about sports wagering. Among those initiatives are locker-room visits with members of the Final Four men's and women's basketball teams, the Frozen Four teams and the finalists of the College World Series.

Our approach is truly grassroots and must be. In the midst of all of the rhetoric surrounding this issue, it is easy to forget that the NCAA is a member of the higher education community. Among our primary functions are those of providing athletics participation opportunities within the framework of higher education and providing protection for student-athletes. We are about education and providing information to our membership that can lead to life-changing experiences, both in the classroom and on the playing field. Our mission as an Association is to build an infrastructure of awareness and support to equip those involved with student-athletes with the tools to educate them about damaging influences, including sports gambling.

We are not an organization poised to infiltrate illegal gambling networks. We are not an organization with the authority or the charge to investigate illegal gambling activities on college campuses or elsewhere. We have and continue to process cases involving sports-wagering when they come within the authority of the organization. We have brought attention for more than five years to a problem we would rather not have exist: there is illegal gambling on college campuses, some involving student-athletes. We support closer scrutiny of illegal wagering throughout society – this is not isolated to college campuses – and certainly it should be discussed within the framework of the entire issue. Today, however, we examine another piece of the puzzle, which is eliminating the loophole that allows legal wagering on college sports in Nevada. We ask you to do what is right for our student-athletes and what is right for college games.

NCAA Path to Federal Involvement.

It has been interesting for me to watch this issue unfold. When I first started in my position five years ago after a number of years on the enforcement staff, the NCAA was already well aware of the direct threat sports wagering poses to intercollegiate contests. From the 1950s and the City College of New York men's basketball team point-shaving scandal to several others that followed in the 60s, 70s and 80s, the Association maintained an awareness that was largely within the intercollegiate sports community.

In the early 1990s, then NCAA executive director Richard Schultz testified in support of the Professional and Amateur Sports Protection Act that was enacted and is currently in effect. But attention to college student-athletes and sports wagering exploded in the late 1990s with revelations of point shaving scandals on the campuses of Arizona State University and Northwestern University. An audience far larger than the intercollegiate athletics community became concerned about the problem. For the first time, research showed serious links between student-athletes and gambling and that betting reached to those of even younger ages.

We learned that in the Arizona State and Northwestern scandals Nevada casinos were used to legally lay off large bets that could not be accommodated in the illegal world. According to federal law enforcement officials, more money was wagered in the Arizona State case than on any point-shaving scam in the history of intercollegiate athletics – at a minimum hundreds of thousands of dollars. Further complicating the matter is the money laundering of illegal sports book dollars through legal sports books. Mr. Steve DuCharme, former chair of the Nevada Gaming Control Board, is quoted in a February 1999, Sports Business Journal article as saying: “We’ve taken steps to crack down on the amount of illegal money being laundered through legitimate sports books. We really have no way of knowing [how much is laundered through the legal sports books]. Based on transcriptions of wiretaps, it is millions of dollars.”

Legal and illegal sports wagering have been a part of nearly every major collegiate sports wagering scandal. Let me repeat that: legal *and* illegal wagering have been involved and both pose threats to our game. Illegal wagering is a part of the problem. It is not, however, the only problem. Our efforts will only be successful by addressing the whole picture -- legal and illegal wagering.

The federally appointed National Gambling Impact Study Commission issued its final report in June 1999 following two years of comprehensive study of all forms of legal gambling activity. The commission’s report included a recommendation that has formed the basis for the legislative proposal before you: to extend the current federal law banning gambling on amateur sporting events to Nevada.

Let me be clear that the NCAA testified twice before this commission and on neither occasion did the Association suggest a complete ban on sports wagering. We made our Association’s position on gambling clear but in an effort largely directed at raising the Commission’s awareness of the problems associated with sports wagering did not take the step of proposing a ban. Even so, without a request from the NCAA, without urging, the commission made the recommendation based on a volume of testimony on the problems associated with gambling and young people.

And that is how we’ve become so involved in the very political process of trying to get federal legislation passed, a process that is very unfamiliar to us. What has been most interesting to me has been to watch what began as a proposal to extend a ban on legal betting on amateur athletics – doing what is right for student-athletes and the college game – escalate into a battle about everything but the merits of the bill. Those who oppose the legislation will go to any lengths to divert discussion from problems associated with legal gaming and place blame for all illegal sports wagering on college and universities. There is seemingly no end to these far-fetched attempts. But we are not here to argue with the casino industry. There are philosophical differences that will never be bridged.

For the NCAA, this is about doing what is right for our student-athletes and the college game.

We have been criticized repeatedly because of the size of our gambling staff and the budget dedicated to the program. Approximately 94 percent of all NCAA revenues, including monies that will be received from the \$6 billion CBS contract, are returned to the college and universities that are members of the Association. Those revenues help support the 363,000 participation opportunities for men and women on campus. There are currently three gambling staff members with an additional member to join soon and that staff operates similarly to others at the NCAA national headquarters. It is imperative in an association such as ours that our member institutions police their own campuses by knowing the rules, by educating and by self-policing. That is how a private, nonprofit association works. Our gambling staff provides the framework and many of the tools, but we count on others to implement what we put in place.

Legal and Illegal Sports Wagering.

As I mentioned previously, the NCAA believes that efforts are needed to address legal and illegal sports wagering. The presence of any sports wagering, whether legal or illegal, potentially threatens our contests. Our games should be viewed for the spontaneous action that occurs, not because one has money wagered on the outcome. Having said that, the Association is concerned that legal collegiate wagering fuels much larger illegal collegiate wagering, which now is impacting youngsters under 18. A 1999 Gallup Poll showed that teenagers begin wagering on college sports as young as 10 years old. The poll also showed that 18 percent of teenage respondents said they had bet college sports, contrasting with nine percent of adults who wagered on college games.

The economic argument about impact on Nevada forwarded by opponents of The Amateur Sports Integrity Act is not supported by the facts. In 2000, approximately \$2.3 billion was wagered in Nevada sports books. Casinos retained \$124 million or about 5.33 percent of the total amount wagered on sports. Mr. DuCharme has said the amount kept by casinos on sports wagering is “very small” compared to other casino games. And, the amount wagered on college sports is only a little more than one-third of the total. Total revenues for casinos were \$9.6 billion in 2000. It follows, then, that elimination of collegiate sports wagering would have little impact on state revenues or the bottom line of casinos. The amount bet on college sports is reportedly only four-tenths of one percent of overall casino revenues.

The image of legal sports wagering makes far more of an impression on the general public, however, than the dollars spent. Legal wagering fosters an attitude and mindset that any wagering is okay. We have reached the point today that young and old alike believe that wagering is acceptable. This acceptance isn’t because of the illegal wagering that occurs. We’ve arrived at this belief because wagering is positioned as glamorous, sexy and cool. That kind of message has a huge impact.

We have heard the arguments that the system in place in Nevada provides protections and security measures for the industry. Still, in the two cases I cited earlier at least hundreds of thousands of dollars were wagered legally in the point-shaving cases. Though valuable afterward in investigating the point-shaving incidents, the measures did not prevent them from occurring. It would be much more helpful for us to do what is right for student-athletes and the

college game and ban all legal gambling on college sports events. We have enough faith in Americans to believe that those who wager legally will not race to wager illegally.

H.R. 641 and S. 338.

The NCAA supports closer scrutiny of illegal wagering and encourages increased efforts by law enforcement to ensure compliance with federal and state gambling laws. We encourage harsher sentencing for these crimes, which will help law enforcement make illegal gambling a priority. We do not, however, support H.R. 641 or S. 338, The National Collegiate and Amateur Athletic Protection Act of 2001.

Certainly, there are elements of the bill the NCAA favors. In fact, some sections are similar to recommendations the NCAA made to the National Gambling Impact Study Commission. For example, in January 1999, the NCAA recommended that penalties be increased for violating federal sports gambling statutes, which also is part of The National Collegiate and Amateur Athletic Protection Act of 2001.

Colleges and universities are addressing illegal gambling issues and they should expand what they are doing. But it makes no sense to threaten loss of all federal funding -- including grants that go directly to students -- and impedes privacy rights to accomplish that goal. The legislation would require that colleges and universities monitor student and staff use of the Internet to determine who is gambling and to report that information to the federal government. It is simply wrong to assume that the NCAA and colleges and universities are responsible for illegal gambling activity in this country and that those same groups can single-handedly wipe it out. If that were the case, then certainly we would have taken steps to make that happen. The proposed National Collegiate and Amateur Athletic Protection Act of 2001 punishes colleges and universities simply for having the courage to speak against the powerful Nevada gambling industry and assumes that illegal gambling activity occurs only on college campuses. That is simply ridiculous.

Conclusion

The NCAA's strategy to attack problems associated with wagering on college sports is multi-focused. We continue to carry the message that sports wagering is an issue for our student-athletes and we have worked diligently to educate them about the problem. But we need assistance. We believe the loophole that allows wagering on college sports in Nevada should be closed; we need to encourage enforcement of existing laws regarding illegal gambling; and we believe legislation is needed to prohibit gambling over the Internet.

The system of intercollegiate athletics we have is unique to the world. We must do everything we can to protect the rich heritage, tradition and integrity of intercollegiate competition. The Professional and Amateur Sports Protection Act has successfully stopped the growth of state-sponsored amateur sports gambling. But we need to close the lone remaining loophole. We need to do what is right for the college game and what is right for our student-athletes and make gambling on college sports illegal everywhere all of the time.